

State of Utah

Department of Natural Resources

ROBERT L. MORGAN Executive Director

Division of Oil, Gas & Mining

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GAYLE F. McKEACHNIE
Lieutenant Governor

April 28, 2004

Mr. Wes Hansen Quality Building Stone 994 West 14730 South Bluffdale, Utah 84065

Subject:

Results of Meeting Discussions, Quality Building Stone, Unpermitted

Quarries, M/055/022, Wayne County, Utah

Dear Mr. Hansen:

Thank you for coming to our office on April 22, 2004, to discuss the Notice of Noncompliance issued March 4, 2004, and subsequently modified on April 7, 2004. Present at the meeting were you and Dan Powell representing Quality Building Stone, and Paul Baker, Wayne Hedberg and myself, representing the Division of Oil, Gas and Mining. This letter summarizes some of the items we discussed and conclusions reached.

Issue #1

You and Mr. Powell asked that the two quarries be permitted separately because of the driving distance between them and because they have different land ownership (private vs. BLM). You indicated the driving distance was about five miles, but Mr. Baker believed it was about 2.9 miles.

Conclusions and Order

The Division's decision whether to require one or two different notices of intention for these sites is discretionary. In accordance with your request, we will require that you submit two separate notices of intention. Since you are planning to reclaim the sites to less than five acres each, you will be required to submit two separate Notices of Intention to Commence Small Mining Operations. These must be submitted to our office by May 28, 2004. We anticipate receipt of the required reclamation bonds for each permit, no later than November 1, 2004.

Issue #2

You indicated you have been taking quarried stone from the north quarry to your processing plant in Wellington, Utah. No mining per se has occurred at



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the quarries since the notice of noncompliance was written. There is enough stone already stored on the surface to last for some time. You agreed not to mine any additional stone until authorized by the Division to do so.

Conclusion and Order

Although the current Notice of Noncompliance requires that you not remove material from the site, we will in this instance consider removal of stone blocks from the storage areas to be a part of reclamation of the site. The Division will allow you to remove and sell this stone, however you are not authorized to dig additional stone from the quarries until the small mine permit applications are determined complete and adequately bonded.

Issue #3

Before submitting a reclamation bond, or, in the case of the south quarry, additional bond, you would like the opportunity to reduce the size of the respective mine disturbances. You believe that the pit at the north quarry can be reduced to about one acre and that the storage area can be reclaimed to no more than one acre (possibly as small as 100 X 100 feet). The loadout near the south quarry would be reclaimed to about 0.5 acres, and the south quarry would be reduced to about three acres. This work would be accomplished by reclaiming the northern part of the east pad and all but the mining faces of the southwest and northwest pads.

Reclamation should be completed no later than about mid-October, at which time the reclaimed areas would need to be seeded.

Conclusion and Order

We will allow until mid-October 2004 for completing reclamation of the areas we discussed. We do not anticipate extending the reclamation beyond this time frame. Within 45 days of our April 22nd meeting, or by about June 7, 2004, we will hold another meeting with you to discuss the progress of reclamation to date. Please telephone us about one week before this date to arrange the meeting.

After you have completed reclamation of portions of the sites, the Division will resurvey the area with our global positioning system (GPS) and generate new maps for the sites. A bond amount will then be determined based on the remaining disturbed area acreages. You will then need to submit the required reclamation bonds. The bond amounts will need to include money to cover revegetation costs (for reseeding), in case the initial revegetation

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efforts fail on the recently reclaimed areas. We will periodically monitor the sites to note the status of reclamation.

Issue #4

You indicated it would be very difficult, if not impossible, to pay for reclamation at the same time that you are trying to come up with money for a reclamation bond. I suggested that a portion of the proceeds from the sale of stone from these sites be put set aside for the required reclamation bonds.

Conclusion and Order

Until mid-October when you have completed partial reclamation of these sites, you are asked to establish an escrow account, or similar bank account, and to place a percentage of the proceeds from the sale of the stockpiled stone for application toward the required reclamation bonds.

By May 28, 2004, you will provide a rider listing the Division of Oil, Gas and Mining as a co-beneficiary on the existing \$3000 reclamation surety with the Bureau of Land Management.

These sites are not in compliance with the Utah Mined Land Reclamation Act, and it is important for you to take the steps as outlined in this letter to bring them into compliance. These actions should allow your business to continue while reducing the size of the current disturbances and your reclamation liability. Wee appreciate your cooperation and urgency in completing the reclamation and submitting bonds by this October.

If you have questions or concerns about this letter, please call me at (801) 538-5306, Wayne Hedberg at (801) 538-5286, or Paul Baker at (801) 538-5261. Thank you for your cooperation and immediate attention to these permitting requirements.

Sincerely

Mary Ann Wrigh

Associate Director of Mining

MAW:PBB:jb

cc: Buzz Rakow, Hanksville - BLM

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